

## Message Text

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11

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 STR-04 CEA-01

SAM-01 SAJ-01 /115 W

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R 122124Z MAY 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6413

INFO AMEMBASSY MOSCOW

UNCLAS OTTAWA 1767

E.O. 11652: N/A

TAGS: ETRD UR CA

SUBJECT: GOC ANNOUNCES C\$500 MILLION LOAN AGREEMENT WITH USSR

REF: MOSCOW 6437

1. ON MAY 9 ITC MINISTER GILLESPIE ANNOUNCED SIGNING OF  
PROTOCOL OF AGREEMENT BETWEEN CANADA AND USSR UNDER WHICH  
EXPORT DEVELOPMENT CORPORATION (EDC) WILL MAKE AVAILABLE UP TO  
C\$500 MILLION IN LOANS TO USSR BANK FOR FOREIGN TRADE TO FINNANCE  
CANADIAN EXPORTS. AGREEMENT, NEGOTIATED WITH EDC BY SOVIET  
MISSION HEADED BY DEPUTY MINISTER FOREIGN TRADE V S ALKHIMOV,  
CALLS FOR PORTION OF CREDIT TO BE TAKEN UP WITHIN A YEAR AND  
BALANCE WITHIN TWO YEARS.

2. GILLESPIE ALSO ANNOUNCED NEGOTIATIONS FOR CONTRACTS UNDER  
NEW AGREEMENT WILL "BE SPEEDED UP" WITH ARRIVAL ON MAY 15 IN  
CANADA OF SOVIET TRADE TEAM, HEADED BY DEPUTY MINISTER FOREIGN  
TRADE N V SUSHKOV. INCLUDE IN SOBIET DELEGATION WILL BE  
DEPUTY MINISTER, PULP AND PAPER INDUSTRY; DEPUTY MINISTER,  
TIMBER AND WOODWORKING INDUSTRY; DEPUTY MINISTER,  
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AUTOMOBILE INDUSTRY, AND PRESIDENT OF PROMASHIMPORT,

SOVIET TRADING CORPORATION.

3. ACCORDING TO ANNOUNCEMENT, GILLESPIE SAID THAT TRADE DEVELOPMENTS BETWEEN CANADA AND USSR IN RECENT MONTHS MOST ENCOURAGING. "ALREADY \$30 MILLION OF CONTRACTS HAVE BEEN SIGNED FOR MACHINERY AND EQUIPMENT. THESE CONTRACTS COVER THINGS LIKE VALVES, OFF-HIGHWAY VEHICLES, COMPRESSORS AND LOG SKIDDERS.

"WE SEE EXCELLENT OPPORTUNITIES FOR FURTHER SUBSTANTIAL SALES OF MACHINERY AND EQUIPMENT FOR THE PULP AND PAPER INDUSTRY, FOR FORESTRY EQUIPMENT, OIL AND GAS EQUIPMENT AND MACHINERY AND EQUIPMENT FOR THE TRANSPORTATION AND MINING INDUSTRIES."

4. PRESS REPORTS ON AGREEMENT STATE NEGOTIATIONS TOOK PLACE OVER PAST THREE MONTHS BETWEEN EDC VICE PRESIDENT VINCENT CHAPIN AND ALKHIMOV AND SUSHKOV. EDC PRESIDENT J A MACDONALD IS QUOTED AS SAYING INTEREST RATE FOR LOANS UNDER AGREEMENT IS CONFIDENTIAL BUT "COMPETITIVE WITH INTERNATIONAL RATE".

5. CANADA'S EXPORTS TO USSR WERE C\$290 MILLION IN 1973 AND C\$28.7 MILLION IN 1974. IMPORTS WERE C\$23 MILLION IN 1973 AND C\$23.1 MILLION FOR 1974. V N NYSHKOV, HEAD OF SOVIET TRADE REPRESENTATION IN CANADA, REPORTEDLY TOLD PRESS CONTRACTS HAVE BEEN SIGNED OR ARE ABOUT TO BE SIGNED FOR CANADIAN PURCHASE OF ABOUT C\$50 MILLION IN SOVIET GOODS, INCLUDING HYDRO-ELECTRIC TURBINES AND GENERATORS, TRACTORS, MACHINE TOOLS, WATCHES, CAMERAS, COTTON FABRICS, CHROMIUM ORE AND MANGANESE.

6. ITC OFFICIAL CONFIRMED TO EMBOFF THAT DROP IN CANADIAN EXPORTS TO SOVIETS IN 1974 WAS RESULT OF MUCH LOWER GRAIN SHIPMENTS. HE SAID GRAIN TRADE WAS NOT REPEAT NOT PART OF NEW CREDIT AGREEMENT. EXPORT OF SERVICES MENTIONED IN ANNOUNCEMENT WOULD BE LARGELY ENGINEERING, AND ITC WAS HOPEFUL CONTRACTS COULD BE NEGOTIATED FOR CAPITAL EQUIPMENT SALES. CANADA COULD NOT AFFORD TO FINANCE SOME OF LARGE SOVIET PROJECTS THAT HAD BEEN MENTIONED DURING DISCUSSIONS BETWEEN

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TWO SIDES, HE ADDED, BUT CANADA COULD PICK UP "BIT AND PIECES".  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, TRADE, MINISTERIAL VISITS, CREDIT GUARANTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:** n/a  
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**Reference:** 75 MOSCOW 6437  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 JUL 2003 by SilvaL0>; APPROVED <13 FEB 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOC ANNOUNCES C\$500 MILLION LOAN AGREEMENT WITH USSR  
**TAGS:** ETRD, UR, CA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006